Increase by MNCs in their stake in Indian companies

6053. SHRI T. VENKATRAM REDDY:

SHRI G. PRATHAPA REDDY:

Will the Minister of FINANCE be pleased to state:

(a) what is the position of Financial Institutions in Indian Companies which have 26% holding by multinational companies which are all run by Indian professional management, when these multi-nationals are trying to dislodge the efficient management with vested interests;

(b) whether Government are evolving a policy to protect these professionally run companies from such manipulative take-overs of getting equity in the existing companies through them without offering to the public as the first option; and

(c) whether it is necessary for these multi-nationals to increase their stake in the profitably run Indian companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) It has been the consistent policy of the Government that the Financial Institutions who have equity stakes in Indian companies should act independently in their best commercial interests. In pursuance of these objectives the Financial Institutions support efficient managements of well run companies.

(c) This is a matter left to the commercial judgement of the multinationals and to the shareholders in the company concerned. Selective increases in equity require support of 75% of shareholders voting in the Annual General Meeting.

Assessment of expenditure on marriage/reception functions

6054. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether there has been a sudden increase in the on-the-spot investigations by IT officers u/s 133(5) of IT Act, to assess the extent of expenditure of ostentatious nature on marriage/reception functions;

(b) whether the discretion of assessing the scale of expenditure lying with the concerned IT officers, gives ample scope for the misuse of the provision by unscrupulous taxmen, leading to harassment of hosts/parents of bride; and

(c) whether the IT authorities would devise a more humane and effective way of realising tax dues under this provision, saving the assessees from trauma and harassment?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) No Sir, there is no sudden increase in the on-the-spot investigations by IT officers u/s 133A(5) of IT Act to assess the extent of expenditure of ostentatious nature on marriage/reception functions. This is evident from the details of Surveys conducted u/s 133A(5) during the last three years:

1992-93	664
1993-94	487
1994-95 (Upto Feb.95)	226*

(*provisional)

(b) and (c) There is no absolute discretion with the assessing officer to assess the scale of expenditure upto a certain extent/level. His assessments are required to be supported by evidence gathered during the course of survey/enquiries. The enquiries are personally supervised by